



Flagstaff Chamber of Commerce Annual Luncheon

Friday, January 21, 2011

Remarks by Gov. Jan Brewer

Thank you, Julie.

And, good afternoon, everyone!

It's great to be in Flagstaff today – joining you as the Flagstaff Chamber of Commerce celebrates its 120th anniversary.

That's certainly a milepost worth celebrating.

I, too, have a milepost that I think is worth mentioning.
For the first time, I come before you as an elected Governor.

And, I should tell you, I've learned the difference between an elected Governor -- and an unelected one:

As an elected Governor, with four years ahead of me -- my phone calls are now being returned -- and I thank everyone for that.

I want to share with you this afternoon, some other important mileposts that I see in the distance.

On Tuesday, I announced how I see Arizona reclaiming its historic position as a national leader in population and job growth, and economic energy over the next four years. I intend to devote my last – and best -- years of public service to ensuring Arizona is at the top of those states with a limited public sector, a restrained regulatory state and a vibrant private sector!

While my basic philosophy remains unchanged:

Restrain government . . . restore liberty . . . and return to free market principle ...

I DO believe that state government does have a role to play in job creation -- and that is to provide a stable, predictable, business-friendly environment in which our EMPLOYERS can grow.

We MUST NOT wait.

We're fresh out of "LATER."

No more excuses why things cannot be done.

My plan is built on Four Cornerstones of Reform:

- Economic Competitiveness
- Education
- State Government
- Renewed Federalism

Working with Legislative leadership, we'll be convening a special session of the Legislature to enact an aggressive economic package.

We will then have the tools to compete with other states for business relocations.

The package should consist of three parts:

- A new Arizona Commerce Authority;
- Job-based tax incentives;
- And, tax reforms.

States we're competing with have two advantages over Arizona:

They have dynamic economic development agencies AND they have access to deal-closing funds.

To compete, Arizona must eliminate that gap.

Our new Commerce Authority will be exclusively focused on business attraction, retention and expansion in Arizona's strongest economic sectors.

Business retention and expansion programs are critical -- because the real job growth over time comes from local business expansion.

And, I'm committed to a statewide approach that advances the rural areas of our state.

That's why I established a Rural Business Advisory Council -- dedicating two million dollars through my economic development stimulus funds for this new rural approach.

And -- special thanks to Julie Pastrick who is serving on the council.

Thank you, again, Julie.

Arizona's enterprise zone tax incentive program is outdated and should be replaced with a statewide program of tax incentives that reward companies for creating high-quality jobs.

Finally, we need to phase-in reforms to our tax structure that will attract businesses from outside Arizona and encourage business creation and expansion from employers already here.

Tax reform should include:

1. Reducing the corporate income tax rate to a regional average just below 5 percent;
2. Reducing the business personal property tax, which discourages capital investment; and
3. Increasing from 80 percent to 100 percent the sales factor in calculating income taxes, to encourage more export-based industries in Arizona.

While paying careful attention to these reforms' immediate impacts on the General Fund and on Arizona homeowners, we can create conditions under which our employers can take Arizona to the top tier of states in quality job creation.

And, you can't have quality job creation without our second cornerstone of reform – education reform.

The underlying philosophy of our education reform plan is really quite simple:

A future where all Arizona students are prepared to succeed in college and careers and lead this state in the next 100 years and beyond.

Children can learn if we expect them to – and -- I can tell you this -- WE EXPECT THEM TO LEARN IN ARIZONA!

Arizona's new education plan, has yearly benchmarks that will put us on the path to achieve specific goals by 2020, including:

- Improving our high school graduation rate to 93 percent, from a starting point of 75 percent;
- Enabling at least 94 percent of third graders to meet State reading standards, in contrast to our baseline of just 69 percent; and
- Doubling the number of college students who complete their studies and receive a four-year degree.

The time has come to reward our best teachers and our best principals.

To do this, and to accomplish our goals, we need a data system that accurately tells us how well students, teachers and schools are doing.

Just as with our Commerce Department -- and other parts of state government -- everyone agrees that our data system is unreliable and out of date.

Better information from the new data system will allow for better decision-making by parents as they seek effective -- and safe-- learning environments for their children to grow.

Let no one doubt that the ACTIVE involvement of PARENTS is a CORNERSTONE of children's success in school.

Arizona leads the nation in school choice -- Let us NEVER infringe on the right of parents to enroll their child in a DISTRICT school -- CHARTER school -- PRIVATE school or -- HOME school!

If we ever hope to have RESOURCES follow SUCCESS -- AND to REWARD schools and colleges for graduating students instead of JUST enrolling them, we must have a NEW student data system -- and we must have it NOW.

For that reason -- my proposed budget will include a plan to fund this system and oversee its development.

To make sure we are staying on track, I've announced an overhaul of the existing P-20 Education Council.

The Council has served our state well as a COORDINATING body among our various education systems.

But, the new council will be dedicated to DRIVING RESULTS under the new Plan -- while respecting local control.

As they say in business, "What gets measured -- GETS DONE."

With our new standards, tests and data system, we plan to measure and WE WILL get it DONE!

Higher education has taken its share of cuts during this economic downturn, despite significant increases in enrollment.

As a result, the university presidents and regents are already realigning operations.

There must be more options than simply raising tuition or eliminating programs.

We must continue to explore lower cost higher education models, including expansion of Two-Plus-Two programs -- more regional campuses with differentiated tuition options -- online education -- and four-year degrees offered by community colleges.

So, we must continue to encourage efforts that allow our universities to be strong and FOCUSED enterprises.

MORE graduates with higher skills.

MORE choices in ways to learn.

LESS dependency on buildings.

AND LESS BUREAUCRACY!

To be at the top of the pro-growth, pro-private sector group of states, Arizona needs a 21st century state government.

So, our third cornerstone is a wholesale reform of state government.

This includes budget reform with spending limits.

It includes executive authority to reduce expenditures.

The Constitution should be amended to allow the Governor to reduce existing expenditures to balance the budget during a fiscal emergency and to reduce expenditures through the current line-item veto authority.

Together, we'll put -- AND KEEP -- Arizona on the road to fiscal sanity!

Finally, reform of state government should include a "Rainy Day" Fund – established with constitutional safeguards to ensure it is there when needed.

We need a RAINY DAY FUND that will be there ... when it's actually RAINING!

This spending fiasco should never – ever -- happen again!

State operational reforms need to be implemented, including modernization of our State personnel and retirement systems and reinforcement of Arizona's status as a right-to-work state.

Finally, the fourth cornerstone will be pursuit of a "Renewed Federalism," – one that protects the State of Arizona and its citizens against an over-reaching federal government.

Never during our nearly 100 years of statehood has federal interference in Arizona's affairs been more blatant.

We must demand that the federal government:

Overturn the 2010 health care reform and its unconstitutional mandates on states, employers and citizens.

The federal government must take the FISCAL HANDCUFFS off Arizona related to its Medicaid program -- AHCCCS -- that prevent us from balancing our budget without raising taxes.

These fiscal handcuffs were slapped on us again in the Obamacare legislation last year -- they're called the "Maintenance of Effort" provision.

In short, the federal government is telling Arizona taxpayers to pick up the tab.

Well ... here's a "NEWSFLASH" to my friends in Washington:

Arizona will NOT be the tax collector for Uncle Sam's unfunded health care mandates.

We simply CANNOT allow unfunded federal mandates to set OUR priorities -- Arizona and other states MUST be allowed to establish our OWN health care coverage. Arizona knows what's best -- for Arizona!

We're fighting Obamacare with 25 other states in the courts -- and, I'm pleased that our new Attorney General Tom Horne -- is joining our fight!

I'm also pleased that in the one day special session I called on Wednesday, the Legislature supported the waiver request to the federal government to allow Arizona the flexibility it needs.

Let's start the process of freeing Arizona from these federal fiscal handcuffs.

Finally, let me be as clear as I can be --

I will NEVER sign a budget that cuts money to Arizona school children to fund the FEDERAL Medicaid mandates.

Not today -- Not tomorrow -- NOT EVER!

One way to help our local jurisdictions in their own growth and planning process is to free them from out-dated, unnecessary federal requirements. The United States Supreme Court recently said local governments may petition to remove themselves from Section 5 of the Voting Rights Act -- the federal pre-clearance process.

Over 60 local jurisdictions in other states have done so -- successfully.

Together, with Secretary Bennett and local jurisdictions in Arizona, we can reward those who have accomplished the mission of the Voting Rights Act and allow them to finally end the unnecessary, expensive, and burdensome federal Justice Department oversight of Arizona elections.

The federal government must also fulfill its constitutional and statutory duties to secure the border and restore integrity to our immigration system.

Washington has failed to gain "operational control" of the border as required under the Secure Fence Act of 2006, failed to enforce federal immigration laws as enacted by Congress, and failed to reimburse the State of Arizona for hundreds of millions of dollars in costs incurred in trying, convicting and incarcerating criminal aliens.

The State must pursue all legal remedies to make the federal government live up to these responsibilities and to defend Arizona's right to cooperatively enforce federal immigration laws.

We can do no less.

I believe building upon these cornerstones, Arizona will be an irresistible magnet for business relocation -- business formation and growth -- capital formation and investment -- employment and personal income growth -- and prosperity for all Arizona businesses and citizens.

I look forward to celebrating many successes -- many more exciting mileposts -- with you -- and we'll accomplish much in the year ahead, building upon these cornerstones.

May God bless you and your families -- the Flagstaff Chamber -- and our Great State of Arizona.

And may God always bless and protect the United States of America.

Thank you.